

COST PLUS AWARD FEE CONTRACTS

Cost Plus Award Fee Contracts

- **Objectives**

- Define the basic Cost-Plus-Award-Fee Contracting Option as used to accomplish O&M services.
- Identify the major advantages and disadvantages of Cost-Plus-Award-Fee Contracts.
- Identify the basic field input required in the development of the RFP Solicitation.
- Identify basic administrative and inspection requirements of a CPAF contract.



Section 13: Cost Plus Award Fee Contracts

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- 16.301-1 Cost Reimbursement - Description.
- Cost-reimbursement types of contracts provide for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that **the contractor may not exceed (except at its own risk) without the approval of the contracting officer.**
- 16.301-2 Application.
- Cost-reimbursement contracts are suitable for use only when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed-price contract

Cost Plus Award Fee Contracts

- 16.405-2 Cost-plus-award-fee contracts.
- (a) *Description.* A cost-plus-award-fee contract is a cost-reimbursement contract that provides for a fee consisting of (1) a base amount fixed at inception of the contract and (2) an award amount that the contractor may earn in whole or in part during performance and that is sufficient to provide motivation for excellence in such areas as quality, timeliness, technical ingenuity, and cost-effective management. The amount of the award fee to be paid is determined by the Government's judgmental evaluation of the contractor's performance in terms of the criteria stated in the contract. This determination and the methodology for determining the award fee are unilateral decisions made solely at the discretion of the Government.



Section 13: Cost Plus Award Fee Contracts

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FFP VS CPAF GRASS MOWING (SIMPLIFIED)	
FFP	CPAF
LABOR - \$15.00	LABOR - \$15.00
FUEL - \$ 2.00	FUEL - \$2.00
OIL - \$1.00	OIL - \$1.00
TOTAL EXPENSES - \$18.00	REIMBURSIBLE EXPENSES - \$18.00
PROFIT/10% - \$1.80	BASE FEE/3% - \$.54
	AWARD FEE/7% - \$ 1.26
BID PRICE - \$19.80	BID PRICE - \$19.80
<u>CONTRACT COST</u>	<u>CONTRACT COST</u>
\$19.80	MINIMUM - \$18.54 MAXIMUM - \$19.80

Cost Plus Award Fee Contracts

Disadvantages

- A. Not the Preferred Contracting Method by Regulation.
- B. Perceived Higher Cost.
- C. Increased Potential for Security Problems.
- D. Increased Liability for the COR When Compared to Traditional Fixed-Price Contracts.
- E. Increased Administration



Section 13: Cost Plus Award Fee Contracts

Cost Plus Award Fee Contracts

Advantages

- A. Very Flexible
- B. In General, Better Quality Services Are Received.
- C. Management Services and Expertise Are Also Procured.
- D. Contractor/Government Relationship Is More Positive in Nature. You Reward for Good Performance Rather Than Deduct for Poor Performance.
- E. Reduced Administration

Cost Plus Award Fee Contracts

Field COR Input

- 1. Request Wage Rates. (May Be Automated)
- 2. Develop Appendices Which List Government-Furnished Supplies, Materials, Equipment and Primary Facilities to Be Maintained.
- 3. Develop Technical Provisions
- 4. Develop Government Cost Estimate.



Section 13: Cost Plus Award Fee Contracts

Cost Plus Award Fee Contracts

APPENDIX "B"		APPENDIX "C" - FACILITIES	
Project Owned Government Furnished Equipment		AMITY	
Equipment	No. of Each		
Wheeled Equipment - Road Use		ACRES TO BE MOWED	46
Pump Truck (Septic)	1	ACRES TO BE POLICED	100
Bucket truck	1	NUMBER OF DUMPSTERS	6
Dump Trucks - less than 8cy	1	NUMBER OF CAMPSITES	96
Stake and Platform Trucks	2	NUMBER OF GRILLS	96
Maint Trucks - 1 ton and greater	1	NUMBER OF CANS	21
Maint Trucks - Step Van	1	NUMBER OF TABLES	99
Roll back/Wrecker	1	NUMBER OF VAULT TOILETS	4
		NUMBER OF FLUSH TOILETS	5
Wheeled Equipment Offroad		NUMBER OF SHOWER BUILDINGS	2
Backhoe/ Front end loader	1	NUMBER OF PICNIC SHELTERS	1
Forklift	2	NUMBER OF BOAT RAMPS	2
Bobcat	1	NUMBER OF SANITARY DUMP STATIONS	1
Track Equipment		NUMBER OF FIRE CIRCLES	2
Dozer, smaller than D6	1	NUMBER OF GATE HOUSES	1
Track loader	1	NUMBER OF GATES	1
Trailer Mounted Equipment		NUMBER OF SIGNS	75
Electric Welders	1	NUMBER OF SETS OF PLAYGROUND EQUIPMENT	1
Diesel Welders	2	LINEAR FEET OF PAVED ROAD	28,000
Woodchipper	1	NUMBER OF CAR PARKING SPACES	144
Agricultural Sprayer	1	NUMBER OF TRAILER PARKING SPACES	38
Floating Plant		NUMBER OF BULLETIN BOARDS	2
Barges, all other	1	LINEAR FEET OF SHORELINE	7,500
Boat, less than 16 feet	5	NUMBER OF BUMPER POSTS - WHEEL	153
Other		LINEAR FEET OF WATERLINE	20,000
Mowers, tractor type	7	LINEAR FEET OF ELECTRICAL LINE (CORPS OWNED ONLY)	40,000
Tractors	6	NUMBER OF LANTERN HANGERS	95
Total	39	NUMBER OF BENCHES	6
NOTE: Items listed represent equipment with an acquisition cost of \$10,000 or more.		NUMBER OF DRINKING FOUNTAINS	4
		NUMBER OF TRAFFIC COUNTERS	1
		ACRES OF RIPRAP	0.2
		LINEAR FEET OF TRAILS	5,000
		LINEAR FEET OF SIDEWALK	2,500
		NUMBER OF FLAGPOLES	1
		NUMBER OF COURTESY DOCKS	2
		NUMBER OF BASKETBALL COURTS	1
		NUMBER OF SOFTBALL DIAMONDS	1
		NUMBER OF TENNIS COURTS	1
		NUMBER OF NATURE TRAIL SHELTERS	1
		NUMBER OF BARRICADES	2
		NUMBER OF CHEMICAL TOILETS	1
		OVERHEAD LIGHT STRUCTURES	11

Cost Plus Award Fee Contracts

PART I - THE SCHEDULE	
SECTION C - DESCRIPTION/ SPECIFICATIONS/WORK STATEMENT	
TECHNICAL PROVISIONS	
SECTION 1	
General	
TP-1.0	PURPOSE: To provide for the maintenance, repair, and operations of facilities, vehicles, and equipment on West Point Project as specified in Section C.
TP-1.1	Table of Technical Provisions:
SECTION 1	TP-1. General
SECTION 2	TP-2. Buildings, Structures, Facilities Mechanical, Electrical, Plumbing, Sewage and Water Systems
SECTION 3	TP-3. Cleaning, Custodial Services, and Refuse Removal
SECTION 4	TP-4. Grass Mowing and Trail Maintenance
SECTION 5	TP-5. Maintenance of Boundary Lines
SECTION 6	TP-6. Maintenance of Signs, Barricades, Gates, Bumpers, Posts, Fencing, Traffic Counters and Fire Extinguishers
SECTION 7	TP-7. Maintenance of Landscaped Areas (Trees, Shrubs and Grass)
SECTION 8	TP-8. Cleaning & Maintaining Riprap and Beaches
SECTION 9	TP-9. Natural Resource Management
SECTION 10	TP-10. Maintenance and Repair of Paved and Unpaved Roads, Road Shoulder, Parking Areas, Drainage Structures and Boat Launching Ramps
SECTION 11	TP-11. Operation and Maintenance of Visitor Center
SECTION 12	TP-12. Cleaning & Maintenance of Government Vehicles, Equipment, Mowers, Trailers and Attachments
SECTION 13	TP-13. Recreation Facilities Repairs
SECTION 14	TP-14. Aids to Navigation, Floating Debris Removal and Courtesy Dock Maintenance
SECTION 15	TP-15. Labor for Powerhouse Maintenance
SECTION 16	TP-16. Emergency Spill Response Support



Section 13: Cost Plus Award Fee Contracts

Cost Plus Award Fee Contracts

GOVERNMENT COST ESTIMATE FOR OP-WP
O&M SERVICE CONTRACT, SOLICITATION DACW01-00-R-0024
COST ESTIMATE SUMMARY

TECHNICAL PROVISION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TP-1, GENERAL	\$234,448.10	\$242,021.39	\$249,663.65	\$257,383.45	\$265,180.75
TP-2, BUILDINGS, STRUCTURES, FACILITIES, MECHANICAL, ELECTRICAL, PLUMBING, SEWAGE AND WATER SYSTEMS	\$264,442.02	\$271,664.83	\$279,098.80	\$286,750.74	\$294,627.70
TP-3, CLEANING, CUSTODIAL SERVICES AND REFUSE REMOVAL	\$296,213.42	\$306,592.00	\$315,303.71	\$325,361.80	\$335,780.12
TP-4, GRASS MOWING AND TRAIL MAINTENANCE	\$153,949.66	\$157,915.20	\$161,985.72	\$166,164.13	\$170,453.43
TP-5, MAINTENANCE OF BOUNDARY LINES	\$16,818.26	\$17,267.31	\$17,729.01	\$18,203.76	\$18,691.95
TP-6, MAINTENANCE OF SIGNS, BARRICADES, GATES, BUMPERS, POSTS, FENCING, TRAFFIC COUNTERS AND FIRE EXTINGUISHERS	\$26,650.55	\$27,550.38	\$28,484.39	\$29,454.01	\$30,460.74
TP-7, MAINTENANCE OF LANDSCAPED AREAS (TREES, SHRUBS AND GRASS)	\$47,262.22	\$48,554.52	\$49,884.65	\$51,253.85	\$52,663.39
TP-8, CLEANING & MAINTAIN RIPRAP AND BEACHES	\$20,988.88	\$21,369.37	\$21,759.72	\$22,160.20	\$22,571.07
TP-9, NATURAL RESOURCE MANAGEMENT	\$45,190.60	\$46,565.57	\$47,987.17	\$49,457.19	\$50,977.48
TP-10, MAINTENANCE AND REPAIR OF PAVED AND UNPAVED ROADS, ROAD SHOULDERS, PARKING AREAS, DRAINAGE STRUCTURES AND BOAT LAUNCHING RAMPS	\$146,975.29	\$147,450.16	\$147,937.25	\$148,436.89	\$148,949.40
TP-11, OPERATION AND MAINTENANCE OF VISITOR CENTER	\$38,010.27	\$38,977.93	\$39,970.65	\$40,989.10	\$42,033.98
TP-12, CLEANING & MAINTENANCE OF GOVERNMENT VEHICLES, EQUIPMENT, MOWERS, TRAILERS AND ATTACHMENTS	\$160,112.04	\$165,267.37	\$170,609.20	\$176,145.09	\$181,882.91
TP-13, RECREATION FACILITY REPAIRS	\$183,087.50	\$186,206.64	\$189,406.49	\$192,689.19	\$196,056.97
TP-14, AIDS TO NAVIGATION, FLOATING DEBRIS REMOVAL AND COURTESY DOCK MAINTENANCE	\$41,380.22	\$42,626.30	\$43,914.10	\$45,245.21	\$46,621.26
TP-15, LABOR FOR POWERHOUSE MAINTENANCE	\$4,416.62	\$4,529.71	\$4,645.77	\$4,764.86	\$4,887.08
TP-16, EMERGENCY SPILL RESPONSE SUPPORT	\$12,813.73	\$13,437.11	\$14,091.22	\$14,777.60	\$15,497.84
TOTAL	\$1,692,759.38	\$1,736,995.79	\$1,782,471.52	\$1,829,237.08	\$1,877,336.08
GRAND TOTAL					\$8,918,799.84

Cost Plus Award Fee Contracts

COST SUMMARY

COST ELEMENT	QUANTITY	UNIT	HOURS	RATE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
LABOR					\$881,718.54	\$904,687.90	\$928,135.98	\$952,078.80	\$976,526.72
LABOR BURDEN			20%		\$176,343.71	\$180,937.58	\$185,627.20	\$190,415.76	\$195,305.34
EQUIPMENT/TOOLS					\$26,550.00	\$27,877.50	\$29,271.38	\$30,734.94	\$32,271.69
UNIFORMS					\$17,490.45	\$18,364.97	\$19,283.22	\$20,247.38	\$21,259.75
OUTSIDE SERVICES					\$128,500.00	\$129,750.00	\$131,062.50	\$132,440.63	\$133,887.66
MATERIAL/SUPPLIES					<u>\$168,372.00</u>	<u>\$173,915.75</u>	<u>\$179,736.69</u>	<u>\$185,848.67</u>	<u>\$192,266.26</u>
SUBTOTAL					\$1,398,974.70	\$1,435,533.71	\$1,473,116.95	\$1,511,766.18	\$1,551,517.42
OVERHEAD			10%		<u>\$139,897.47</u>	<u>\$143,553.37</u>	<u>\$147,311.70</u>	<u>\$151,176.62</u>	<u>\$155,151.74</u>
SUBTOTAL					\$1,538,872.17	\$1,579,087.08	\$1,620,428.65	\$1,662,942.80	\$1,706,669.16
PROFIT			10%		<u>\$153,887.22</u>	<u>\$157,908.71</u>	<u>\$162,042.87</u>	<u>\$166,294.28</u>	<u>\$170,666.92</u>
TOTAL					\$1,692,759.38	\$1,736,995.79	\$1,782,471.52	\$1,829,237.08	\$1,877,336.08
GRAND TOTAL									\$8,918,799.84



Section 13: Cost Plus Award Fee Contracts

Cost Plus Award Fee Contracts

Additional Field COR Input,

- 5. Develop Appendices Which Include Sample Formats, E.G. Daily Inspection Reports, Work Order Format, Etc.
- 6. Develop Crediting Plan or Evaluation Factors for Award Fee.
- 7. Submit With Requisition or PR&C Through Channels to Contracting Division.

Cost Plus Award Fee Contracts

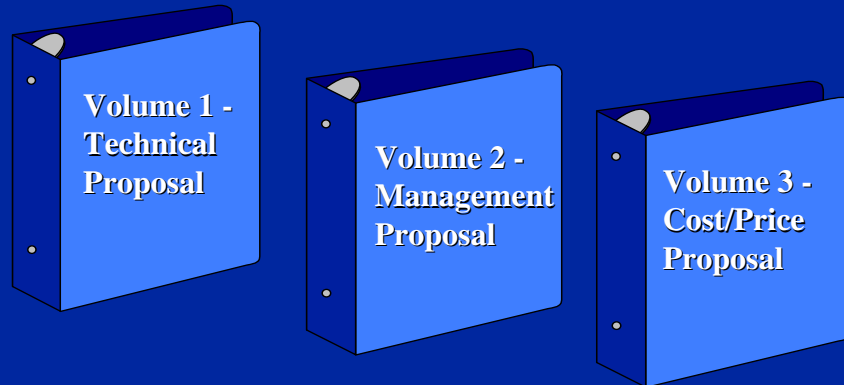
SOLICITATION



Section 13: Cost Plus Award Fee Contracts

General Instructions

To aid in the evaluation of proposals, contractors are required to follow the same general format...



Evaluation of Proposals Responsibility

- It is the offeror's responsibility to insure the completeness of the proposal; therefore, the evaluation panel for the government has been instructed to evaluate on the basis of the information provided in the proposal. **The government shall not assume that an offeror possesses any capability unless specified in the proposal.** Proposals that are unrealistic in terms of technical or schedule commitments, or unrealistically low in cost will be considered indicative of a lack of understanding of the complexity and risk in the contract requirements.



Section 13: Cost Plus Award Fee Contracts

Evaluation of Proposals Source Selection Plan

- Defines Evaluation Procedures
- Identifies Evaluation Team Members
- Establishes a Schedule for Evaluation

Cost Plus Award Fee Contracts



The Pre-Proposal Conference ...

- An Opportunity to see perspective bidders
- An Opportunity for bidders to see the Project
- An Opportunity to answer basic questions and amend the solicitation



Section 13: Cost Plus Award Fee Contracts

Evaluation of Proposals

Evaluation Criteria

- **Technical Area** - (1) Understanding and Compliance with Requirements and (2) Soundness of Approach.
- **Management Area** - (1) Program Management Controls, (2) Past Performance/Relevant Experience and (3) Key Personnel.
- **Cost Area** - (1) Cost Analysis/Pricing Data and (2) Financial Statements

Cost Plus Award Fee Contracts

SECTION B SUPPLIES OR SERVICES AND PRICES/COST					
ITEM	DESCRIPTION	QUANTITY	U/M	U/P	AMOUNT
0001	OPERATION AND MAINTENANCE OF GOVERNMENT-OWNED FACILITIES & EQUIPMENT, WEST POINT LAKE, WEST POINT, GA., IN THE COUNTIES OF CHAMBERS AND RANDOLPH IN AL., AND TROOP AND HEARD IN GA., IN ACCORDANCE WITH THE TECHNICAL PROVISIONS (SECTION C) AND DEPARTMENT OF LABOR WAGE RATES. PERIOD OF SERVICE IS FOR ONE (1) YEAR BEGINNING 28 JAN 96.				
	TOTAL ESTIMATED COST (BASE YEAR)	1	YR		\$1,000,000
	TOTAL BASE FEE (Not to exceed 3% of Total Estimated Cost)			2.5	of estimated cost
	TOTAL AWARD FEE			4	of estimated cost
NOTE: MAXIMUM FEE (Total Base and Award Fees not to exceed 10% of Total Estimated Cost)					
Allowance for Home Office Overhead will be established by Audit but will not exceed _____ % of estimated direct labor cost or _____ % of estimated direct contract cost.					
In no event will allowance for home office overhead exceed the dollar amount of \$55,000. NOTE: One of the above percentages and the amount are to be filled in by the offeror as part of the proposal.					
DACW01-95-R-0066					

Cost
Proposal



Section 13: Cost Plus Award Fee Contracts

Cost Plus Award Fee Contracts

ITEM	DESCRIPTION	QUANTITY	U/M	U/P	AMOUNT
*	OPTION YEAR 3 - TOTAL ESTIMATED AMOUNT				\$ 1,000,000
*	OPTION YEAR 3 - BASE FEE				\$ 25,000
*	OPTION YEAR 3 - AWARD FEE				\$ 40,000
*	OPTION YEAR 3 - TOTAL				\$ 1,065,000
*	OPTION YEAR 4 - TOTAL ESTIMATED AMOUNT				\$ 1,000,000
*	OPTION YEAR 4 - BASE FEE				\$ 25,000
*	OPTION YEAR 4 - AWARD FEE				\$ 40,000
*	OPTION YEAR 4 - TOTAL				\$ 1,065,000
*	GRAND TOTAL (BASE AND OPTION YEARS 1, 2, 3, AND 4)				\$ 5,325,000
END OF SECTION B					
DACW01-95-R-0066 11-5					
* Revised December 12, 1995					

OPTION YEAR 1 - TOTAL ESTIMATED AMOUNT	\$ 1,000,000
OPTION YEAR 1 - BASE FEE	\$ 25,000
OPTION YEAR 1 - AWARD FEE	\$ 40,000
OPTION YEAR 1 - TOTAL	\$ 1,065,000
OPTION YEAR 2 - TOTAL ESTIMATED COST	\$ 1,000,000
OPTION YEAR 2 - BASE FEE	\$ 25,000
OPTION YEAR 2 - AWARD FEE	\$ 40,000
OPTION YEAR 2 - TOTAL	\$ 1,065,000
DACW01-95-R-0066 B-6	

AWARD



Section 13: Cost Plus Award Fee Contracts

Contract Administration Key Items (Pitfalls)

- Requiring contractor to stick with proposals
- Staying on schedule
- Dealing with contractor's internal controls
- Maintaining inventory of supplies & materials
- Making sure QC & Safety plans are followed
- Keeping accurate cost records
- Maintaining vehicle/equipment files (GSA compliance)
- Assure all correspondence is timely



Cost Plus Award Fee Contracts

Schedule, Schedule, Schedule!

**Weekly
Work
Schedule**

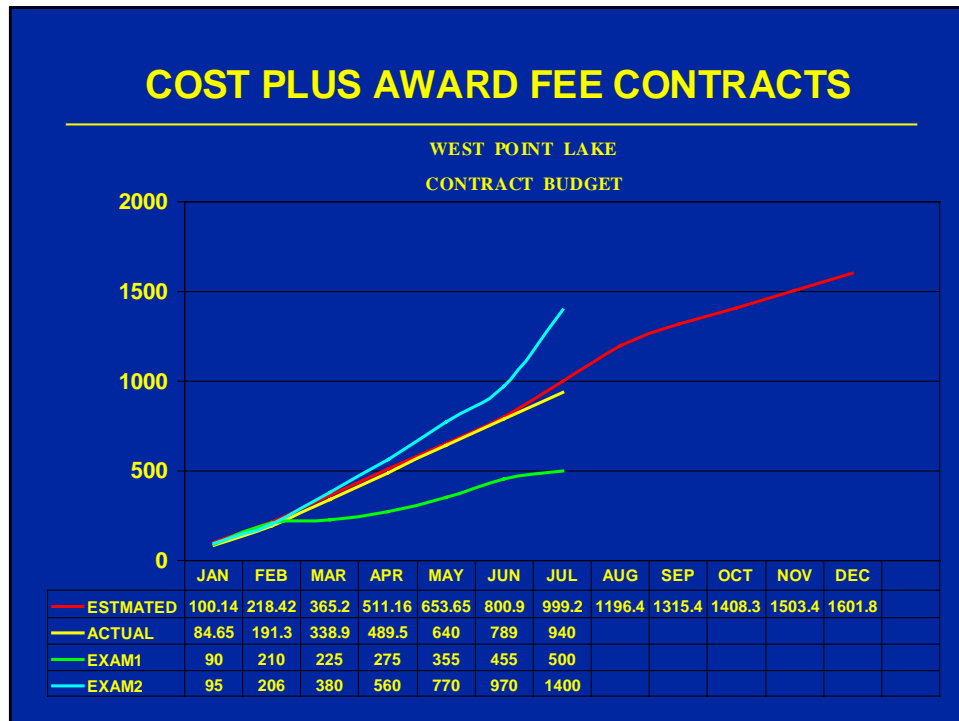
**Monthly
Summary**

**Long-Term
Work
Plan**

Planning + Execution = Success



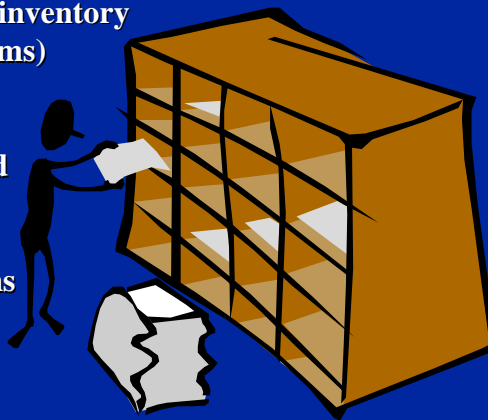
Section 13: Cost Plus Award Fee Contracts



Cost Plus Award Fee Contracts

Property Control - In addition to GFE, Contractor must:

- Maintain a small tool inventory (for non-bar coded items)
- Provide supply inventories on demand
- Comply with GSA & credit card regulations



Section 13: Cost Plus Award Fee Contracts

Cost Plus Award Fee Contracts

Contractor Quality Control



- The Contractor's Quality Control Chief should be independent and non-biased
- Overall Quality Control should be the responsibility of everyone on the Contractor's staff

Cost Plus Award Fee Contracts

Contractor Quality Control Submittals and Reports



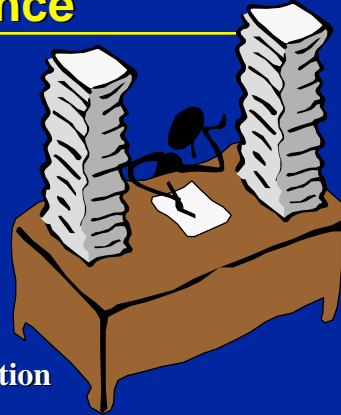
- The Contractor's Quality Control Plan must be submitted (in draft form) with the management proposal
- Final Quality Control Plan must be Approved after Contract is awarded
- Daily and monthly reports are required
- Contractor may submit additional reports



Section 13: Cost Plus Award Fee Contracts

Quality Assurance (Pitfalls)

- Review invoices to assure proper record keeping and use on site
- Check time sheets to verify proper labor billings
- Review productivity and job controls
- Review vehicle and equipment utilization
- Verify competition on purchases when required
- Remind the Contractor that they will be audited and they are subject to inspection by various District Office elements
- Develop QA Plan to consolidate your QA Program



Cost Plus Award Fee Contracts

Quality Assurance Plan

- Identify responsibilities and authority of team (KO, COR, QAR, QAI, SI, etc.)
- Identify inspection objectives & methods
- Identify performance indicators & evaluation criteria
- Identify Special Inspectors or COTR's and include letters of appointment



Section 13: Cost Plus Award Fee Contracts

Cost Plus Award Fee Contracts

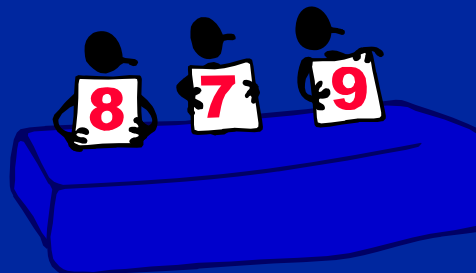
Quality Assurance Plan



- Establish daily reporting (form)
- Establish routine meeting requirements with Contractor for quality management & mutual understanding
- Provide references (FAR, safety manual, design standards, etc.)

Quarterly Award Fee Primary Evaluation Factors

1. Funds Management and Cost Control (40%).
2. Performance (40%).
3. Coordination and Flexibility (15%).
4. Safety and Accident Prevention (5%).

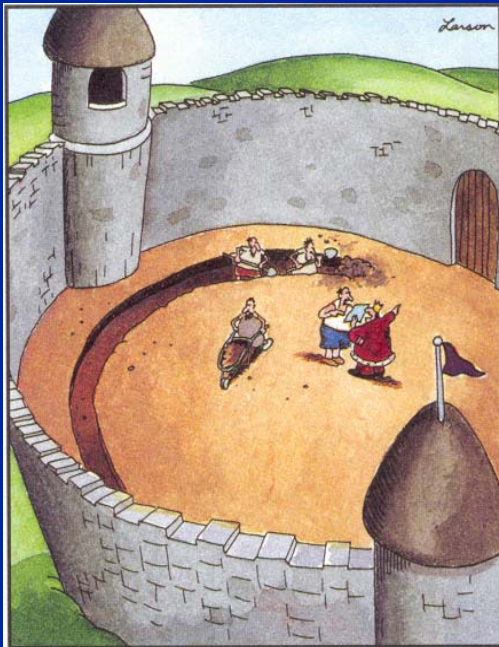


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Cost Plus Award Fee Contracts

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- Identify basic administrative and inspection requirements of a CPAF contract.



**“SUDDENLY -
A HEATED
EXCHANGE
TOOK PLACE
BETWEEN THE
KING AND THE
MOAT
CONTRACTOR”**

